



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Response to Request for Information Inquiry 2

Prepared for the
House Committee on Transportation

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Inquiry 2

What transportation issues are anticipated to arise in the future as a result of the COVID-19 pandemic?

Summary

As mentioned in the Texas Department of Motor Vehicles (TxDMV) response to Inquiry 1, the primary impact of COVID-19 on transportation matters related to the department has been financial.

Waivers put in place by Governor Greg Abbott, including those allowing Texans to delay title and registration transactions, have resulted in lost and deferred revenues to the State Highway Fund (Fund 0006), the TxDMV Fund (Fund 0010), and the General Revenue Fund (Fund 0001).

If the pandemic persists and these waivers remain in place for an extended period, it is likely that revenue currently considered deferred will become lost altogether. This is particularly true with respect to registration fees.

The department is preparing for the resumption of normal operations which will end the registration and title related waivers and begin the 60-day period for customers to complete transactions without facing penalties.

Revenue Impact

The department anticipates that much of the Fiscal Year 2020 revenue declines outlined below will be deposited in FY 2021. It is important to note, however, that if the state waivers remain in effect for an extended period, some of the revenue the department anticipates as deferred may not materialize.

Total Revenue Impact

For Fiscal Year 2020, TxDMV anticipates a total decline of \$157.49 million in previously projected revenue to the state, of which \$34.70 million is anticipated to be deposited in FY 2021.

Impact to State Highway Fund

For FY 2020, TxDMV anticipates a decline of \$127.50 million in previously projected revenue to the State Highway Fund, of which \$32.86 million is anticipated to be deposited in FY 2021.

Impact to TxDMV Fund

For FY 2020, TxDMV anticipates a decline of \$19.90 million in previously projected revenue to the TxDMV Fund, of which \$1.85 million is anticipated to be deposited in FY 2021.

Impact to General Revenue

For FY 2020, TxDMV anticipates a decline of \$10.09 million in previously projected revenue to the General Revenue Fund.

Explanation

Registration Fees

Vehicle registration fees account for most of the department's revenue that supports the state highway system. In general, after a county retains its allowed amount under the road and bridge formula, all registration fees are deposited to the State Highway Fund. In Fiscal Year 2019, vehicle registration and related fees provided \$1.55

billion to the State Highway Fund. *For a full discussion on registration fees, please see the department's response to Interim Charge 1.*

Unrealized Registration Fees

Registration expiration dates do not change. For example, if a person whose registration expired in March 2020 took advantage of the registration waiver and did not renew their registration until September 2020, their new registration will expire in March 2021 – not September 2021.

As the pandemic persists and the waiver remains in effect, the possibility of some Texans missing an entire year of registration increases.

Online Registration Renewals

The department has seen an unprecedented increase in the number of Texans renewing their registration online at www.TxDMV.gov or www.Texas.gov. It is reasonable to expect a sustained increase in the number of Texans renewing their registration online, particularly if the pandemic continues. *See the department's response to Inquiry 3 for a full discussion on online registration renewals.*

Expenditures Related to COVID-19

The total Fiscal Year 2020 projected cost for the department's response to the COVID-19 pandemic is \$1,750,327. Slightly more than \$1 million of that figure covers staff salaries the department would have otherwise paid, but with a focus on pandemic-related activities. The remaining costs were absorbed within the department's operating budget through re-prioritizing projects and other cost saving measures, such as reduced travel budgets. *For a full discussion on COVID-19 expenditures, please see the department's response to Inquiry 1.*

Continuing Expenses

Additional cleaning services and replenishment of cleaning supplies and personal protective equipment have continued past the end of FY 2020. This will be an ongoing expense to the department throughout FY 2021.

Resumption of Normal Operations

Since March 16, 2020, requirements to obtain vehicle registration and title were waived by order of Governor Greg Abbott. The waivers remain in effect until 60 days after TxDMV notifies the public that normal services have resumed. As of the date of this report, these waivers remain in effect. However, the department is working hard to prepare for the announcement to the public of the resumption of normal operations and the beginning of the 60-day period for people register and title any vehicles that did not do so during the waiver.

The expectation is there are more than 630,000 delinquent title applications for vehicles purchased during the waiver. Those vehicles were not subject to the delinquent transfer penalty, so the time in which to apply for title effectively starts once the waiver ends. The department anticipates half of the remaining delinquent title applications to be filed within 30 days of the waiver ending. The remaining delinquent title applications will be subject to the delinquent transfer penalty if not title by 60 days after the resumption of normal operations. It is likely the need for vehicle registration will be the driving factor that determines when the applicant applies for title.

To help with the resumption of normal operations and the 60-day period, the department is hiring 12 temporary, part-time Customer Service Representatives to assist with responding to customer inquiries during peak customer calling times. If needed, these temporary Customer Service Representatives will work through summer of 2021 to assist with any additional workloads.

Public Outreach Efforts

The department's website will have a dedicated page of content that provides information specifically about what to do during the 60 days after the waiver ends. Similar information will also be added to the existing COVID-19 page since that page's address has been shared many times and continues to be used by the public. A downloadable and printable document will be created for use by the public and county tax assessor collectors.

Postings on social media (Twitter, Facebook, and Instagram) will increase in frequency and will be coordinated across the various platforms. A video, with both a short and long version, will be placed on YouTube and shared across platforms. The videos will address both the 60-day waiver expiration period and registration renewals options in general.

Press releases will be issued at the initial announcement that the waiver has ended, at 30 days after the end, and then 60 days after the end. Similar information will also be distributed at the same intervals through the message distribution system used by the department (known as GovDelivery).

All the information above will also be available in Spanish and possibly other languages.